

STATE OF CALIFORNIA



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August 22, 1978

No. 78/150

TO COUNTY ASSESSORS:

VALUATION OF TAXABLE GOVERNMENT-OWNED PROPERTY

Here is another in the series of letters concerning implementation of Article XIII A of the Constitution. The enclosed questions and answers illustrate the proper valuation procedures to be followed when valuing properties owned by local governments that are outside their boundaries.

Please refer any inquiries or additional questions to John McCoy of this division, (916) 445-4982.

Sincerely,

Verne Walton, Chief  
Assessment Standards Division

VW:sk  
Enclosure

A. QUESTIONS & ANSWERS PERTAINING TO  
VALUATION OF TAXABLE GOVERNMENT-OWNED PROPERTY

1. QUESTION: How shall taxable land owned by a local government, but located outside of its boundaries, be valued?

ANSWER: The specific provisions of Article XIII, Section 11, which prescribe the methods for valuing such land, override the general provisions of Article XIII A (Proposition 13) except that in no instance shall the value of the property so determined exceed its base year value as adjusted by the appropriate Consumer Price Index (CPI) factors.

2. QUESTION: How shall taxable improvements owned by a local government, but located outside of its boundaries, be valued?

ANSWER: Such improvements are to be valued in the same manner as land (see the answer to question number 1 above).

3. QUESTION: How shall newly constructed improvements that replace previously taxable improvements owned by a local government, but located outside of its boundaries, be valued?

ANSWER: Article XIII, Section 11, provides that such replacement improvements shall not be valued higher than the "highest full value ever used for taxation of the improvement that has been replaced." This specific provision would prevent the base year value of such replacement improvements from exceeding the highest taxable value of the replaced improvements, but would not prevent the new base value from being subject to appropriate CPI adjustments.